

Letter from the Chairman

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

As the world's largest dedicated IC foundry, TSMC is keenly aware that as a company grows bigger, it also exerts a greater influence on industry and society. We place great importance upon integrity, respect the rule of law, and hope that the way we do business serves as a benchmark for sustainability and a positive force in society.

A corporation's social responsibility is to make society better. To carry out our corporate social responsibility more effectively, we established a Corporate Social Responsibility Committee in 2011. Representatives from each function in the company report on their interactions with employees, customers, shareholders, investors, communities, suppliers, the government and other stakeholders each quarter to understand the trends and topics that concern these stakeholders and create value for them.

Improving Economic and Business Standards

Since TSMC was established 27 years ago, we have insisted on strong corporate governance, focused on our core business, and fortified our trinity of strengths: Technology Leadership, Manufacturing Excellence, and Customer Trust. In 2013, we employed 202 different technologies to help more than 440 customers manufacture more than 8,600 different types of chips.



Morris Chang
Chairman

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Our manufacturing has brought wave after wave of new applications to the global information technology industry, and our strong financial results have brought solid returns to shareholders and stimulated the economic development of society.

As a member of the ever-changing semiconductor industry, TSMC never stops innovating. After pioneering the dedicated IC foundry business model, TSMC once again changed the rules of the game by joining with its customers and key suppliers to form the “Grand Alliance”. We hope that this open platform will galvanize more semiconductor innovations that will make daily life more convenient and work more productive, and at the same time offer growth opportunities to members of the our alliance.

Caring for the Earth and Generations to Come

As a leader in green manufacturing, TSMC is always seeking ways to move forward. Since establishing our Green Fab Committee in 2010, the company has launched 228 environmental projects which have not only effectively lowered the waste generated and power and water consumed per wafer area, but also generated more than NT\$3.68 billion in economic benefit for the company.

At the same time, we also ask our suppliers to establish environmental management systems with the same standards as TSMC, creating a green supply chain for the global semiconductor industry.

Besides caring for the environment in our operations, we actively develop new process technologies that reduce power consumption, and optimize our production process to help customers make their green products a reality. Designs made on our 20nm process, for example, consume one third less power than those using our 28nm process. IC products using our 16nm FinFET process consume only 40% of the power required by our 28nm process.

Living a Happy, Balanced Life, and Commitment to Charity

TSMC’s vision for society is one that works together towards sustainable development, equality and justice, and a harmonious environment to live and work. Providing opportunities to work in good jobs is one of the ways that we act to improve society.

In 2013, we hired more than 4,600 new colleagues around the world through fair and open recruitment channels.

Employees are TSMC’s most important asset, and we have pledged to provide them with total compensation above the industry average, as well as a challenging and fun work environment with opportunities for continuous learning. We are committed to work/life balance to offer our colleagues a happy life at home. At the same time, we hope for their full dedication at work because they are the solid foundation on which we build the company’s future growth.

TSMC’s growth also requires support from the business environment and from society. We delight in acting as a good corporate citizen and giving back to society. In 2013, TSMC focused on developing future generations of semiconductor talent; We established joint research centers with leading universities in Taiwan to encourage students and professors to use the most advanced semiconductor technology and lower the barriers to developing the newest IC designs. We hope that these centers will nurture technology breakthroughs that fuel the unceasing innovation of the semiconductor industry.

In addition, the long-established TSMC Volunteer Program and TSMC Education and Culture Foundation bring together the Company’s resources and our

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

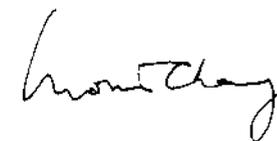
Appendix

Corporate Social Responsibility: Uplift Society

TSMC \ Society	Morality	Business Ethics	Economy	Rule of Law	Sustainability	Work/Life Balance Happiness	Philanthropy
Integrity	✓	✓					
Law Compliance				✓			
Anti-Corruption Anti-Bribery Anti-Cronyism	✓	✓		✓			
Environmental Protection Climate Control Energy Conservation				✓	✓		
Corporate Governance		✓	✓	✓			
Provide Well-paying Jobs			✓			✓	
Good Shareholder Return			✓				
Employees' Work-life Balance						✓	
Encourage Innovation		✓	✓				
Good Work Environment						✓	
Volunteers Organization					✓	✓	✓
Education and Culture Foundation							✓

employees' passion to perform a diverse range of in-depth charity work in the areas of aesthetic education, arts and culture, science education, environmental protection, power conservation, community building, and caring for the disadvantaged. In 2013, the number of TSMC volunteers grew 35% and the number of service hours reached 105,430, a sharp increase of 172% from 2012. Our employees' pro-active participation in volunteer service shows that they believe in our business principles, and also helps to build a spirit of teamwork within TSMC.

Sustainable business is a fundamental principle of TSMC. In 2013, TSMC was honored to be named the "Semiconductors and Semiconductor Equipment Industry Group Leader" by the Dow Jones Sustainability Index. This is an affirmation of our efforts that we value very deeply. We will persist in encouraging our employees to keep innovating and seeking new ways to improve our sustainability. If we can achieve this in all areas of our operations, we will never stop being a company full of vitality, and continue to reach new heights.



Morris Chang
Chairman